

Message Text

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41

ACTION EUR-25

INFO OCT-01 AF-10 IO-14 ISO-00 SAM-01 CIAE-00 DODE-00

PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SP-03 SS-20 USIA-15 DRC-01 OMB-01 CIEP-03

TRSE-00 AID-20 EB-11 STR-08 CEA-02 /172 W

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R 271053Z AUG 74

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 0354

INFO AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

USMISSION USUN NEW YORK

C O N F I D E N T I A L LISBON 3650

USUN FOR AMBASSADOR SCOTT

E.O. 11652: GDS

TAGS: PFOR, PINT, PO

SUBJ: VIEWS OF AFM LEADER

REF: LISBON 3598

SUMMARY: IN ADDITION TO MATTERS COVERED IN REFTTEL, MINISTER WITHOUT PORTOFOLIO AND LEADING ARMED FORCES MOVEMENT (AFM) MEMBER MAJOR VITOR ALVES DISCUSSED U.S. ECONOMIC/FINANCIAL/COMMERCIAL AID TO PORTUGAL AND ALLEGED U.S. PRIVATE SUPPORT FOR REACTIONARY ELEMENTS IN PORTUGAL DURING AUGUST 22 TALK WITH CHARGE. MEMCON BEING POUCHED. IN VIEW OF FACT ALVES STATES HE IS TO BE MEMBER OF AZORES NEGOTIATING TEAM, AS WILL ALSO DEFENSE MINISTER LT. COL. FIRMINO MIGUEL, FOLLOWING SUMMARY OF MEMCON MAY BE OF INTEREST. END SUMMARY

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1. ALVES INDICATED THAT PRESENT GOP FEELS BENEFITS

PORTUGAL DERIVES FROM NEGOTIATIONS SHOULD NOT ONLY REPRESENT QUID PRO QUO FOR MILITARY ADVANTAGES U.S. RECEIVES FROM BASE RIGHTS BUT SHOULD ALSO REPRESENT COMPENSATION TO PORTUGAL FOR ADVERSE ECONOMIC CONSEQUENCES OF HAVING ADOPTED POLICY LONG URGED BY U.S. WITH RESPECT PORTUGUESE AFRICA AND HAVING ACCEPTED U.S. -STYLE DEMOCRACY DOMESTICALLY. (SIMILAR LINE HAS BEEN USED BY FOREIGN MINISTER SOARES IN RECENT CONTACTS.) IMPLICATION CLEARLY IS THAT PORTUGAL HOPES THAT AZORES NEGOTIATIONS WILL BE USED AS VEHICLE FOR PROVIDING PORTUGAL WITH SUBSTANTIALLY MORE AID FROM U.S. THAN WOULD BE JUSTIFIED BY BASE RIGHTS ALONE.

2. ALVES DISPLAYED A DEGREE OF NAIVETE CONCERNING CERTAIN FINANCIAL/COMMERCIAL MATTERS. REFERRING TO RECENT EFFORTS BY FIRST NATIONAL CITY BANK OF N.Y. AND MORGAN GUARANTY TRUST TO ORGANIZE DOLS 150 MILLION STAND-BY CREDIT FOR PORTUGAL, ALVES WAS INCENSED THAT BANKS CHARGING "USURIOUS" 15 PER CENT INTEREST. HE WAS NOT MOLLIFIED BY EXPLANATION THAT THIS WAS NORMAL INTEREST RATE FOR COMMERCIAL TRANSACTION AND WAS NOT PARTICULARLY IMPRESSED BY SUGGESTION THAT WILLINGNESS OF BANKS TO OPEN LINE OF CREDIT WAS IMPORTANT GESTURE OF CONFIDENCE IN FUTURE OF PORTUGAL. DISCUSSING PORTUGAL'S ADVERSE TRADE BALANCE, ALVES INDICATED THAT EASTERN EUROPEAN COMMUNIST REPS HAVE INDICATED WILLINGNESS ABSORB VIRTUALLY ALL OF PORTUGAL'S EXPORTS, BUT INDICATED THAT PORTUGAL PREFERRED NOT BE BEHOLDEN TO EAST FOR ITS TRADE. HE FELT THAT U.S. SHOULD BE PREPARED IN SOME WAY TO HELP IN THIS FIELD, ALMOST IMPLYING THAT U.S. SHOULD BE WILLING PURCHASE PORTUGUESE EXPORTS FOR RE-SALE IN AFRICA, WHERE PORTUGAL LACKS COMMERCIAL TIES.

3. MOST UNSETTLING PART OF INTERVIEW WAS ALVES' EXPRESSION OF CONVICTION THAT PRIVATE SOURCES IN U.S. WHOM HE DECIDED TO IDENTIFY, WERE GIVING FINANCIAL SUPPORT TO REACTIONARY FORCES IN PORTUGAL. HE SAW ADVERSE PICTURE OF PORTUGUESE SCENE BEING CONVEYED BY "REACTIONARY" U.S. PRESS, SPECIFICALLY TIME MAGAZINE, CONFIDENTIAL

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AS SOMEHOW PART OF THIS EFFORT OF U.S. SUPPORT FOR THE PORTUGUESE RIGHT.

4. COMMENT: ALVES REPEATEDLY STRESSED HIS HOPE FOR GREATER CONTACT WITH AMERICANS HERE AND SEEMED BASICALLY WELL-DISPOSED TOWARDS THE U.S. OF WHICH HIS COMPLETE FRANKNESS IN DISCUSSING UNWELCOME TOPICS MAY BE TAKEN AS EVIDENCE. HIS NAIVETE IN ECONOMIC

MATTERS, ESPECIALLY AS REGARDS WHAT THE U.S. CAN DO
FOR PORTUGAL, AND HIS GULLIBILITY CONCERNING ALLEGED
AMERICAN SUPPORT FOR THE REACTIONARY RIGHT IN
PORTUGAL SHOULD NOT BE LIGHTLY DISMISSED, PARTICULARLY
SINCE THEY MAY BE VIEWS WIDELY HELD IN THE AFM AND
OUTSIDE. WE HAVE HAD IT FROM ANY PORTUGUESE THAT
THEY LOOK UPON THE AZORES NEGOTIATIONS AS THE MECHANISM
THROUGH WHICH PORTUGAL WILL SECURE THE AID IT NEEDS TO
SURVIVE THIS DIFFICULT MOMENT. IN ADDITION TO RE-
FLECTING THIS ATTITUDE, ALVES ALSO REFLECTS ANOTHER
WIDESPREAD FEELING AMONG PORTUGUESE WHO ARE DISTRUSTFUL
OF THE U.S. BECAUSE OF ITS RELATIVE CLOSENESS TO THE
PAST REGIME: THE GENEROSITY OR LACK THEREOF ON THE
PART OF THE U.S. IN THE NEGOTIATIONS WILL PROVE WHICH
PORTUGAL THE U.S. PREFERS, THE OLD OR THE NEW.
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